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ŧPM-CIA-World Oil; BJT;500

ŧTurner Says Russians Will Be In Oil Market

ŧFor Release at 9:30 a.m. EST - time set by source

ŧEds: Hearings start at 9:30 a.m. EST. Prenoon top expected.

ŧBy MIKE SHANAHAN

ŧAssociated Press Writer

WASHINGTON (AP) - America's top spy told Congress today the Soviet Union faces an ''extremely painful'' drop in oil supplies and soon will be competing with other buyers on the world market for oil that is already in short supply.

In fact; Central Intelligence Director Stansfield Turner said; he can't rule out a Russian attempt to come up with more oil through ''forceful action'' such as ''covert subversion'' or even ''military action.''

Turner; in rare public testimony; told the Senate Energy Committee the crunch in Russian oil would come because Soviet oil production will peak this year and then drop.

At the same time; he said; Saudi Arabia likely will reduce production by a million barrels daily this summer.

For Russian leaders; Turner said; ''The policy options ... to adjust to reduced oil supplies are all extremely painful.''

In testimony prepared for delivery; Turner predicted the Soviets will try to trade for oil at reduced prices by offering to sell weapons or other commodities to oil-producing nations.

''More forceful action; ranging from covert subversion to intimidation; or; in the extreme; military action cannot be ruled out;'' Turner said.

Turner painted an extremely pessimistic picture of world energy reserves in the next decade.

''There is good reason to believe that the most prolific oil producing areas have already been located and drilled;'' he said. ''Even with modern technology; the chance of finding new giant fields is diminishing.''

Among Middle Eastern producers; Turner said Saudi Arabia; America's most dependable supplier; could potentially increase its capacity by a million barrels over current production of 9.5 million barrels daily.

But instead of an increase; Turner said; ''We expect by this summer that the Saudis may reduce actual output to 8.5 million barrels a day or lower.''

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